



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

June 23, 1986

Mrs. Wilene Shumway
W. K. Enterprises
3080 Spanish Valley Drive
Moab, Utah 84534

Dear Mrs. Shumway:

Re: Permit Transfer, Small Fry Mine, ACT/037/022,
San Juan County, Utah

The Division has received the signed Collateral Bonding and Indemnity Agreement (Agreement) for the Small Fry Mine. All documentation necessary for permit transfer has now been filed and the transfer is hereby granted. Fully executed copies of the Agreement and Form MR-10 (Application for Permit Transfer) are enclosed for your files.

The Division will proceed with recalculation of the bonding requirement based on the June 18 site visit. Please feel free to contact me or Susan Linner should you have questions.

Best regards,

Dianne R. Nielson
Director

SL/jb
Enclosures
cc: Colleen Kelley, HECLA
Kenneth May
Susan Linner
Randall Harden
0799R-28

ACT/037/022

SAVINGS CERTIFICATE

NON-NEGOTIABLE
NON-TRANSFERABLE

FIRST WESTERN NATIONAL BANK

No 9599

Moab, Utah June 2 1986 \$ 19,990.00

THIS IS TO CERTIFY THAT State of Utah Division of Oil, Gas & Mining

HEREIN CALLED REGISTERED OWNER(S) HAS DEPOSITED IN THE FIRST WESTERN NATIONAL BANK

THE SUM OF FIRST WESTERN NATIONAL BANK 19990.00 DOLLARS

payable to the registered owner(s) upon presentation and surrender of this certificate properly endorsed 912 days after date, with interest at the rate of 6.10 percent per annum from date.

This certificate will be automatically renewed at maturity for additional successive periods of 912 days each, unless presented for payment by the registered owner(s) within 10 days after a maturity date for payment as of such maturity date. The bank reserves the right to renew this certificate at any maturity date upon mailing to the registered owner(s) at his address last shown on the bank's records a notice of its election not to renew.

[Handwritten Signature]
(Authorized Signature)

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Location of Operation:

Parts of: Section 33 & 34, T29S, R24E
Section 26, T29½S, R24E
Section 3, T30S, R24E

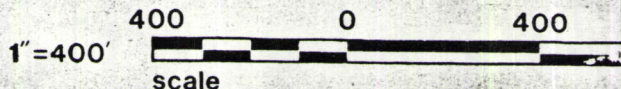
San Juan County, Utah

Small Fry Claim
Ranchers Exploration & De

RECEIVED
MAY 06 1986

DIVISION OF
OIL, GAS & MINING

BIG INDIAN VAL
SAN JUAN COUNTY



NONCOAL
(February 1986)

RECEIVED
JUN 18 1986

DIVISION OF
OIL, GAS & MINING

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84180-1203
(801) 538-5340

COLLATERAL BONDING AND INDEMNITY AGREEMENT

THIS COLLATERAL BONDING AND INDEMNITY AGREEMENT entered into by and between W. K. ENTERPRISES (hereinafter referred to as "OPERATOR") and the Utah Division of Oil, Gas and Mining (hereinafter referred to as "Division"),

W I T N E S S E T H

WHEREAS, OPERATOR has obtained Program Permit No. ACT/037/022 (hereinafter referred to as "Permit") from the Division to conduct mining and reclamation activities at the Small Fry Mine in San Juan County, Utah, as a mine under the Utah Mined Land Reclamation Act, Utah Code Annotated, 40-8-1, et seq, 1953, as amended ("Act") and implementing regulations; on the disturbed areas designated in Exhibit A; and

WHEREAS, OPERATOR wishes to obtain a bond under 40-8-14(3); and

WHEREAS, OPERATOR has provided a Savings Certificate issued by First Western National Bank (Exhibit B), naming the Division as Beneficiary, as collateral to secure this Collateral Bonding and Indemnity Agreement; and

COLLATERAL BONDING AND INDEMNITY AGREEMENT - NONCOAL

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, OPERATOR does hereby agree to be held and firmly bonds to the Division for the sum of \$ 19,990.00 (1986 dollars) for the timely performance of reclamation responsibilities for Permit No. ACT/037/022 in lawful money of the United States. By the submission of this Collateral Bonding and Indemnity Agreement will and truly binds itself, its successors and assigns, jointly and severally, by the conditions of this Agreement.

The conditions of the above obligations are such that:

1. OPERATOR shall perform all duties and fulfill all requirements applicable to mining and reclamation as set forth in the Act, and regulations adopted pursuant to the Act and the conditions of Permit No. ACT/037/022 issued by the Division.
2. The liability under this Agreement is conditioned upon successful reclamation of the permit area as provided in the Mining and Reclamation Plan for Permit No. ACT/037/022 for a period of time and in the manner specified in the Act and regulations adopted pursuant thereto as amended from time to time, and the conditions set forth in Permit No. ACT/037/022 issued by the Division.

3. OPERATOR does hereby jointly and severally agree to indemnify and hold the Division harmless from any claim, demand, liability, cost, charge or suit brought by a third party, as a result of OPERATOR's failure to abide by the term and conditions of the Mining and Reclamation Plan as set forth in Permit No. ACT/037/022 and from any failure to comply with the terms of this Agreement.
4. Upon successful completion of part or all of the obligations secured hereby, OPERATOR may petition the Division for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division shall timely conduct an inspection to ascertain whether the duties and obligations of OPERATOR under the Act, regulations adopted pursuant thereto and Permit No. ACT/037/022 have been fulfilled. If such duties and obligations have been fulfilled, the Division shall release OPERATOR from part or all of its obligations under this Agreement and shall file notice of such release of collateral held by the Division.
5. This agreement shall be reviewed periodically by the Division, or reviewed upon petition by OPERATOR, in accordance with the Act and implementing regulations and

the amount of liability under this agreement may be adjusted upon written agreement between OPERATOR and the Division where it is clearly established that the cost of future reclamation has materially changed.

6. This Agreement may be terminated upon ninety (90) days prior written notice to the Division if terminated by OPERATOR or upon ninety (90) days written notice to OPERATOR if terminated by the Division. ~ Upon such written notification, OPERATOR will have ninety (90) days to obtain an alternate form of bond to secure reclamation obligations for Permit No. ACT/037/022 in the same amount as stated in this Agreement or amendments thereto.
7. Failure to provide a satisfactory alternative form of bond will result in the complete cessation of all mining operations and the complete reclamation of all disturbed areas within the Small Fry Mine permit area.
8. Any breach of the provisions of paragraph #8 of this Agreement will result in the payment of \$ 19,990.00 (bond amount) liquidated damages to the Division.
9. This Agreement will be governed and interpreted according to Utah law.

SO AGREED this 2nd day of June, 1986.

COLLATERAL BONDING AND INDEMNITY AGREEMENT - NONCOAL

Doug Shumway
By Gilene Shumway ^{DBA} WK Enterprises
Corporate Officer Position

STATE OF UTAH, DEPARTMENT OF
NATURAL RESOURCES, DIVISION OF
OIL, GAS AND MINING

By Gregory P. Williams
Board Chairman

APPROVED AS TO FORM:

Barbara Robert
Assistant Attorney General

STATE OF Utah)
COUNTY OF Grand) ss:

On the 16th day of June, 1986, personally appeared
before me GARY Shumway and Wilene Shumway who
being by me duly sworn did say that he/she, the said
PERSONS ^{are} is the partners of
W.K. Enterprises and said instrument was signed in behalf
of said corporation by authority of its bylaws or a resolution of
its board of directors and said GARY Shumway
and Wilene Shumway duly acknowledged to me that said
corporation executed the same.

COLLATERAL BONDING AND INDEMNITY AGREEMENT - NONCOAL

Katherine H. Holbrook
Notary Public
Residing at: Moab, Utah 84532

My Commission Expires:

3/28/88

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 19th day of June, 1986, personally appeared before me Gregory P. Williams ~~Dr. Dianne R. Nielson~~, who being by me duly sworn did say ~~for herself~~, that ~~she~~, the said Gregory P. Williams is the Board Chairman of the Division of Oil, Gas and Mining, Department of Natural Resources, state of Utah, and ~~she~~ duly acknowledged to me that said ~~Division~~ Board executed the foregoing document by authority of law on behalf of the state of Utah.

Marjorie L. Anderson
Notary Public
Residing at: Salt Lake City, Utah

My Commission Expires:

July 24, 1989

Form MR-10
(September 1984)

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

APPLICATION FOR PERMIT TRANSFER

1. (a) Name, telephone number and mailing address of applicant:

Hecla Mining Company
6500 Mineral Drive, Box C-8000
Coeur d'Alene, Idaho 83814-1931

- (b) Location of mining operation (county): San Juan County

- (c) Permit number to be transferred: ACT/037/022

- (d) The total number of acres in the permit area and an estimate of the total number of acres affected by the operation through date of transfer: approximately 6 acres

TOTAL PERMIT ACRES	DATE ISSUED	ESTIMATE OF AFFECTED ACRES
<u>Original Permit</u>		
<u>6 acres</u>	<u>Jan. 11, 1980</u>	<u>6 acres</u>
<u>Approved Amendments</u>		
<u>Total Acres</u>		

Attach a legal description of above acreages as Appendix "C" and original USGS Quad Map(s) with permit and amendment areas clearly shown and identified.

2. (a) Name, telephone number and mailing address of Transferee:

Robert Schumway, WK Enterprises
3080 Spanish Valley Drive
Moab, Utah 84534
801-259-7183

- (b) If Transferee is a partnership, association or corporation, the names and addresses of all owners, partners, managers and executives directly responsible for operations in this State:

2.(b) (continued)

Name:	_____	Address:	_____
Title:	_____	Phone No.:	_____
Name:	_____	Address:	_____
Title:	_____	Phone No.:	_____
Name:	_____	Address:	_____
Title:	_____	Phone No.:	_____
Name:	_____	Address:	_____
Title:	_____	Phone No.:	_____

3. Name, telephone number and address of the authorized representatives of the Transferee to whom any notices under the provisions of the Utah Mined Land Reclamation Act, adopted thereunder may be sent:
- _____
- _____

4. Reclamation surety information:

Amount:	<u>\$19,990</u>
Form:	<u>Contract</u>
Company	<u>Ranchers Exploration & Development Corp.</u>
Date Issued:	<u>Nov. 15, 1979</u>
Renewable Date:	<u>N/A</u>
Etc.:	<u> </u>

5. The provisions of the transferred permit are severable, and if any provision of the permit, or the application of any provision of the permit, to any circumstance, is held invalid, the application of such provision to other circumstances, and the remainder of the permit, shall not be affected thereby.

SWORN STATEMENT OF TRANSFEROR

State of Idaho)
County of Kootenai) ss.

I Arthur Brown being duly sworn on my oath
Name (typed or printed)

that I am the Transferor (Executive Vice-President if the Transferor is a corporation) for the foregoing mining permit transfer; that I have read the said application and fully know the contents thereof; that all statements contained in the permit transfer application are true and correct to my best knowledge and belief; by execution of this statement I certify that Transferor is in full compliance with the Utah Mined Land Reclamation Act, the Rules and Regulations promulgated thereunder, and the terms and conditions of Mining Permit No. ACT/037/022. Approval of this transfer by the Division of Oil, Gas and Mining does not constitute a conclusion that the Transferor is in full compliance.

Dated this 23 day of April, 1986.

NAME:

TITLE:

Executive Vice President

The foregoing instrument was acknowledged before me by:

Arthur Brown, this 23rd day of
April, 1986. Witness my hand and official seal.

Anna Marie Henry
(Notary Public or other authorized officer)

My Commission Expires: June 20 - 1991

FINAL SWORN STATEMENT OF TRANSFEREE

State of Utah)
County of GRAND) ss.

I GARY SHUMWAY being duly sworn on my oath
Name (typed or printed)

that I am the Transferee (Executive Vice-President if the Transferee is a corporation) for the foregoing mining permit transfer; that I have read the said application and fully know the contents thereof; that all statements contained in the permit transfer application are true and correct to my best knowledge and belief; by execution of this statement I certify that Transferee has the right and power by legal estate owned to mine from the land for which this permit transfer is desired; that Transferee has not forfeited, or is not involved in forfeiture proceedings for, a bond posted for reclamation purposes; and by completion and submission of this application, hereby give consent to allow the Director, the Administrator and/or authorized representatives, at reasonable times and upon presentation of appropriate credentials, to enter upon and have access to any and all lands covered by this permit and amendments thereto and to inspect and copy any records or documents, obtain or monitor any samples or sampling, for any activities associated with the operation and permit.

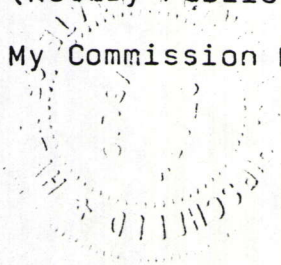
Dated this 1st day of May, 19 86.

NAME: Gary Shumway
TITLE: Co Owner

The foregoing instrument was acknowledged before me by:
Gary Shumway, this 1st day of
May, 19 86. Witness my hand and official seal.

Cynthia H. Hurd NOTARY PUBLIC
(Notary Public or other authorized officer)

My Commission Expires: 8-24-87



THE STATE OF UTAH)
) ss.
DIVISION OF OIL, GAS AND MINING)

This is to certify that I have examined the foregoing application and do hereby grant the same subject to the following limitations and conditions.

1. This permit transfer grants only the right to affect the lands described in Appendix "C" of the permit.
2. The Transferee has acquired a good and sufficient reclamation bond fully executed and signed. The bond shall be effective on the date of transfer.
3. The Transferee, or such other person as required by UCA 1953, Title 40-8, has acquired a license to mine for lands described in Appendix "C" of the permit.

COMMENTS:

APPROVED:

DiAnne P. Nielson
Director
Division of Oil, Gas and Mining

Effective Date: June 20, 1986
Permit No.: ACT/037/022

APPROVED AS TO FORM:

Barbara W. Robert
Assistant Attorney General